

Mabaneer

Equity Research Update

Sector – Real Estate

FCF runway opens via Riyadh and J3 Aventura

Upgrade to 'Outperform' as reinvestment of FCFs at double-digit IRRs visible

We reiterate our earlier thesis on Mabaneer that Avenues Kuwait will remain the FCF engine for the company, and update our investment case for the future profitable reinvestment projects, which were uncertain earlier. Avenues Kuwait should achieve average FCFs of above KWD 58 Mn over 2021E-2023E, as per our forecasts, achieving net income-FCF conversion rates of +100%. The upcoming projects provide a runway for reinvestment of these FCFs, and Avenues Riyadh, J3 Aventura are particularly rewarding projects with double-digit IRRs. Cashflows for providing Mabaneer's equity funding contribution also remains extremely comfortable, despite competing timelines of all projects (2022E-2025E). We therefore upgrade Mabaneer to Outperform, ascribed to the potential reinvestment of FCFs into winning regional projects with double-digit IRRs, and the company's transformation into a full-fledged regional developer across real estate sub-segments from a pure-play mall developer.

Higher mall occupancy seen in Avenues Kuwait; Bahrain still promising

We refine our Avenues Kuwait forecasts and expect revenues of KWD 101.5 Mn for 2021E, KWD 106.2 Mn and KWD 110.2 Mn in 2022E and 2023E, respectively on higher occupancy rates driving faster growth in rental revenues. We push out potential revenues from 5-Star Waldorf Astoria to Q2-2022E, due to the delays in the opening (previous: late Q3/early Q4-2021). Group GP margins for Avenues Kuwait retail and hospitality components should average around 76% over 2021E-2023E, but should decline 250-300 bps, as hotel revenues ramp up before stabilizing in 2023E. For Bahrain, Phase II of the project has been delayed, and reclamation work is expected to be completed by Q1-2022, post which the main contractor will be decided. Hilton Garden Inn Bahrain achieved an occupancy 44.7% until Q3-2021, which should improve and drive additional footfalls into the mall, going forward. We continue to see scale benefits and locational advantages translating into better competitive positioning for Avenues Bahrain in the market, and demand from quality tenants going forward.

Avenues Riyadh & J3 Aventura are Mabaneer's next winning projects

The current stock of retail RE supply in Riyadh (Knight Frank: 3.03 Mn sq.m) shows minimal supply of true super regional malls. Macro catalysts such as Saudi Arabia's aim to increase residents in Riyadh from 7.5 Mn in 2021 to 15-20 Mn in 2030 should support large super regional mall formats. We therefore expect Avenues Riyadh mall (390k sq.m) to comfortably achieve above-market occupancy rates and rents, due to its unique competitive positioning. We utilize starting rents of SAR 3,470/sq.m per annum, which is at the lower end of 30%-50% market premium guided by the management, and apply steady state occupancy rates of 90%, as we remain cognizant about competition from Majid Al Futtaim's Mall of Saudi. Our valuation suggests an IRR of ~12% for the Avenues Riyadh mall, rendering the mall as a profitable foray for Mabaneer. For Avenues Riyadh and Avenues Khobar mall projects combined, we forecast full potential revenues to reach +SAR 2 Bn, and an IRR of ~10.6%. For J3 Aventura in Kuwait, we forecast project level revenues (retail+residential) to reach around KWD 23 Mn at full potential with strong EBITDA margins averaging around 76%. We also expect the project to be Mabaneer's most profitable upcoming project in IRR terms at around 15.2% IRR, albeit at a lower equity participation rate of 35%.

Valuation & Risks – TP raised to KWD 0.935/share

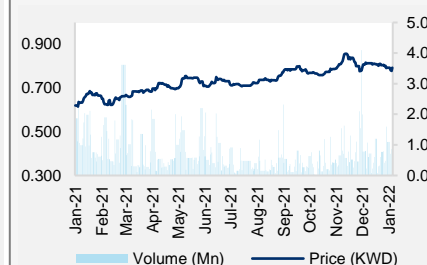
We value Mabaneer using SOTP valuation methodology based on each of the company's operational and upcoming projects. We raise our TP by 27.2% to of KWD 0.935/share (previous: KWD 0.735/share), as we now include Mabaneer's projects in Riyadh, Khobar and associate participation in J3 Aventura, which are profitable. **Key downside risks:** 1) Continuation of Covid-19, driving lower footfalls and retail sales conversion rates 2) Oversupply in ongoing and prospective RE segments 3) Significant project cost over-runs and/or cancellation of upcoming expansion projects.

Outperform

CMP 05-Jan-22: KWD 0.793

Target Price: KWD 0.935

Upside/Downside: +17.9%



Price Perf.	1M	3M	12M
Absolute	-2.9%	2.6%	24.5%
Relative	-4.8%	-0.8%	-3.2%

Stock Data

Bloomberg Ticker	MABANEE KK
Refinitiv Ticker	MABK.KW
Last Price (KWD)	0.793
MCap (KWD Mn)	929
MCap (USD Mn)	3,065
EV (KWD Mn)	1,227
Stock Performance - YTD (%)	0.0%
52-Week Range (KWD)	0.615 / 0.857

Sources: KAMCO Invest Research & Bloomberg

Mabaneer Financials	2020	2021E	2022E
Revenue (KWD Mn)	65.5	101.5	106.2
GPM (%)	66.1%	77.8%	75.9%
EBIT (KWD Mn)	26.7	60.1	61.5
EPS (KWD/share)	0.019	0.046	0.047
PE (x)	35.4	17.3	16.8
PB (x)	1.6	1.8	1.6
Div Yield (%)	0.9%	1.3%	1.3%

Source: Kamco Invest Research, Mabaneer

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Valuation and Risks

Target price raised to KWD 0.935/share; upgrade to 'Outperform'

Post speaking to the management, we refined our estimates and we forecast group EPS of KWD 0.046 for 2021E, and KWD 0.047 and KWD 0.049 for 2022E and 2023E respectively. For Avenues Kuwait operations, we now incorporate the opening of 5-Star Waldorf Astoria by Q2-2022, and expect full potential annualized impact from 2023E onwards, while mall occupancy rates climb up to 94% (92%-93%) over our forecast period. Our revised target price (TP) of KWD 0.935/share (Previous: KWD 0.735/share) is based on a SOTP valuation methodology based on each of the company's operational and upcoming projects, as we now include Mabanee's projects in Riyadh, Khobar and associate-level participation in J3 Aventura, which are profitable. Nevertheless, we model and value the aforementioned upcoming projects on a standalone basis, and we look to consolidate accordingly into group financials once construction activity starts in respective projects. Fair values of land in Saudi, land in Salamiya, and the Fintas project are included in our valuation.

Mabanee Fair Value		
SOTP valuation	Methodology	Fair value (KWD)
Avenues Kuwait	75:25 blend of DCF (Average WACC - 6.7%, terminal growth rate - 1.5%) & P/NAV of 0.85x	0.750
Avenues KSA - Riyadh & Khobar	DCF (Average WACC - 7.0%, exit cap rate - 7%)	0.150
Associates: J3 Aventura & Bahrain	1) J3 Aventura - DCF (25 yr lease, average WACC - 6.7%); 2) Avenues Bahrain - blend of DCF & P/NAV of 0.8x	0.035
Mabanee Group Fair Value per Share (KWD)		0.935
Current market price (KWD)		0.793
Upside/Downside		17.9%

Sources: Kamco Invest Research

We reiterate our earlier thesis on Mabanee that Avenues Kuwait will remain the FCF engine for the company, and update our investment case for the profitable reinvestment routes that lie ahead, which were uncertain earlier. Avenues Kuwait is expected to achieve FCFs of over KWD 58 Mn 2021E-2023E as per our estimates, achieving net income-FCF conversion rates of over 100%. The upcoming projects provide a runway for reinvestment of these FCFs, and Avenues Riyadh and J3 Aventura are particularly rewarding projects with double-digit IRRs. Cashflows for providing Mabanee's equity funding contribution also remains extremely comfortable, despite competing timelines of all projects (2022E-2025E). We therefore upgrade Mabanee to Outperform, ascribed to the potential reinvestment of FCFs into winning regional projects with double-digit IRRs, and the company's transformation into a full-fledged regional developer across real estate sub-segments from a pure-play mall developer.

In our DCF valuation, we have assumed a terminal growth rate of 1.5% for Avenues Kuwait, Avenues Riyadh and Avenues Khobar, which we believe appropriately represents the sustainable long-term growth rate, sector fundamentals and disruption in the sector. WACC calculations for the aforementioned projects are based on funding mix of the respective projects. Both Avenues Bahrain (Phase I,II & Hilton Garden Inn) and J3 Aventura are valued at their respective 35% associate participation. For the terminal value, we have assumed a return on new investment capital (RONIC) that is comparable to the terminal year WACC for Mabanee's Kuwait projects. For Avenues Riyadh and Avenues Khobar malls, we utilize an exit cap rate of 7%, to arrive at the terminal value. We model and value J3 Aventura over its the lease term of 25 years and therefore do not arrive at a separate terminal value beyond the lease term.

Downside risks to our rating & forecasts include:

Downside risks:

- Slowdown of GCC economic growth and discretionary consumer spending
- Continuation of Covid-19 driving lower footfalls and retail sales conversion in mall projects
- Oversupply of ongoing and prospective RE segments
- Cancellation and/or significant cost over-runs of development costs of expansion projects

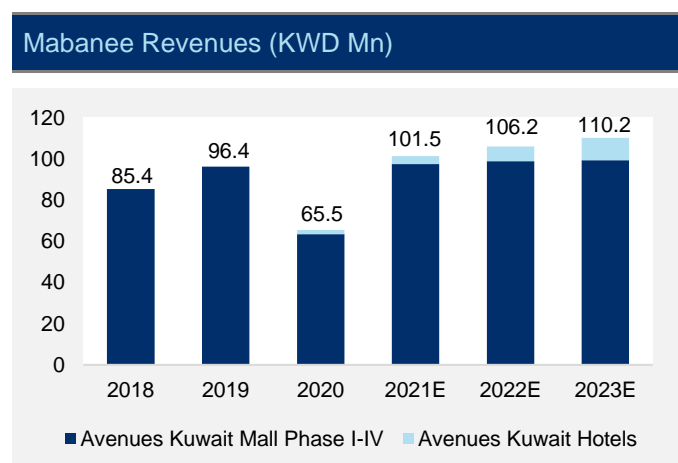
Investment Thesis

FCF visibility from Avenues Kuwait powers through

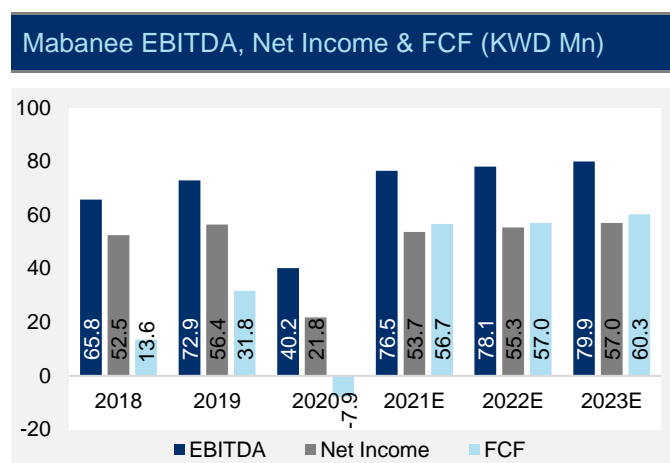
Higher steady-state mall occupancy forecasted; Waldorf Astoria opening pushed to Q2-2022

We reiterate our earlier thesis on Mabanee ([Mabanee Research Update: All eyes on Avenues Riyadh outcome](#)), and expect Avenues Kuwait to remain the FCF engine for the company over our explicit forecast period.

We refine our forecasts and now expect group revenues of KWD 101.5 Mn for 2021E (Previous Estimate: KWD 103.9 Mn). We further forecast group revenues to reach KWD 106.2 Mn and KWD 110.2 Mn in 2022E (Previous Estimate: KWD 107.5 Mn) and 2023E (Previous Estimate: KWD 108.5 Mn), respectively. We've raised our mall rental revenue forecasts, as we now see average occupancy rates above 94% (previous: 92%-93%) over 2021E-2023E. We push out potential revenues from 5-Star Waldorf Astoria to Q2-2022E, due to the delays in the opening (previous: late Q3/early Q4-2021) (previous: late Q3/early Q4-2021). Group GP margins for Avenues Kuwait retail and hospitality components should average around 76% over 2021E-2023E, but should decline 250-300 bps as hotel revenues ramp up before stabilizing in 2023E. We further forecast group EPS of KWD 0.046 for 2021E, and KWD 0.047 and KWD 0.049 for 2022E and 2023E respectively.



Source: Kamco Invest Research, Mabanee



Source: Kamco Invest Research, Mabanee

Avenues Kuwait FCFs gets profitable reinvestment routes

We forecast average FCFs of over KWD 58 Mn 2021E-2023E for Mabanee, achieving net income-FCF conversion rates of over 100%. Our neutral rating on Mabanee up until now was primarily ascribed to the limited FCF reinvestment opportunities from its Kuwait operations. The upcoming projects of Avenues Riyadh, Avenues Khobar and J3 Aventura provide a potential runway for reinvestment of these FCFs, and as per our model forecasts, these are winning projects with double-digit IRRs profitability profiles, which should be rewarding for Mabanee and its shareholders.

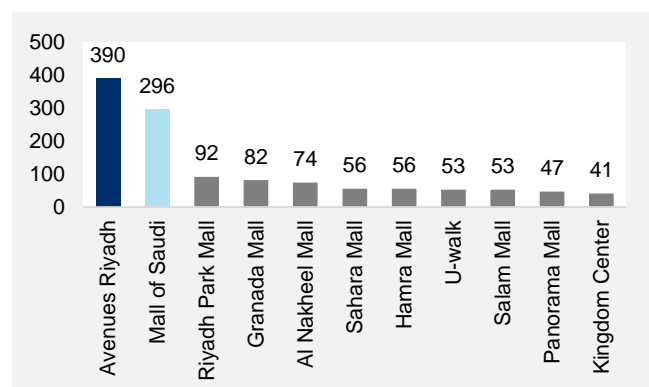
Avenues Riyadh opens FCF reinvestment runway

Avenues Riyadh mall & Mall of Saudi to usher true 'Super Regional Mall' format into Riyadh

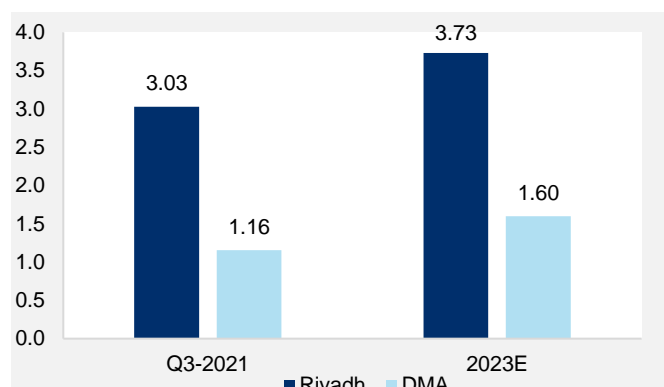
In our earlier update, we mentioned that the Avenues Riyadh project would be the most important catalyst for growth and reinvestment of FCFs generated from Avenues Kuwait, given the size of the project. As per Knight Frank, the stock of retail real estate supply in Riyadh stood at 3.03 Mn sq.m at the end of Q3-2021, and supply is expected to move up by 23% to 3.73 Mn sq.m by 2023.

Nevertheless, the current stock of supply includes almost no supply of the true super regional mall format, (Urban Land Institute & JLL define super regional malls with GLA >90,000 sq.m). Current malls that are popular include Riyadh Park Mall (92k sq.m) Al Nakheel Mall (74k sq.m). This backdrop is set to change with the launch of Mabanee's Avenues Riyadh and Mall of Saudi by Majid Al Futtaim, both super regional malls with GLAs of 390k sq.m and 296k sq.m respectively. Both malls are expected to add significant scale of new international retail brands, luxury retail and entertainment experiences, leveraging on their best-in-class experience as mall operators, elsewhere in the GCC region. As a result, Avenues Riyadh and Mall of Saudi should be able to achieve occupancy rates above the current

overall market occupancy rates (Knight Frank: 81%), and higher rents than average existing super regional rents (Knight Frank: SAR 2,670/sq.m annum) in our view, due to their unique competitive positioning. Moreover, macro catalysts support the launch of such large-format malls, as Saudi Arabia aims to reportedly increase the number of residents in Riyadh from 7.5 Mn in 2021 to 15-20 Mn in 2030, and establishing Riyadh as the regional headquarters for multinational companies. Moreover, Riyadh's mall space per capita at 0.4x remains one of the lowest amongst cities in the region. Separately, POS value transacted in Riyadh jumped 18% YTD Nov-2021 (SAR 132.6 Bn), when compared to full year 2020 (SAR 112.2 Bn), and has been growing steadily (2019: SAR 97.1 Bn), pointing towards higher consumer spending patterns.

Avenues Riyadh & Mall of Saudi vs. other Riyadh Malls ('000 sq.m)


Source: Kamco Invest Research, Multiple sources

Riyadh & Dammam Metropolitan Area (DMA) retail real estate supply – Mn sq.m


Source: Knight Frank

Avenues Riyadh and Avenues Khobar to achieve a combined IRR of 10.6%

Mabanee through its 60% participation in Shumoul Holding resumed its work on Avenues Riyadh and signed the contract with the main contractor Nesma & Partners for SAR 6.4 Bn (KWD 520 Mn). The mixed-use project components include 390k sq.m of mall space, hotels, residential and commercial office spaces. Total capex is estimated at SAR 10.8 Bn, with SAR 5.6 Bn to be funded by debt, while SAR 2.2 Bn in equity has already been spent. Further, majority of the approvals for financing were done, when we last spoke to the management.

Though there are other mixed-use components in the Avenues Riyadh project and the management hopes to finish the entire project in one phase, we prefer to model only the mall space of 390k sq.m for now, until construction activity picks up. Once more visibility on construction activity is attained, we will model and include other project components. For rents, Mabanee guided in their Q3-2021 call that they are targeting a 30%-50% premium to existing super-regional market rents. We assume starting rents of SAR 3,470/sq.m per annum in 2025, which is at a lower end of the premium range, as we prefer to remain marginally conservative, and we factor in lower average rents for anchor tenants, while being cognizant about competition from Mall of Saudi primarily, and other newer super regional mall space launches. We also model steady state occupancy rates of 90%, to be achieved 12-18 months from launch in 2025, driven by strong support from Al Shaya Group, as witnessed in Avenues Kuwait. Our valuation suggests an IRR of ~12% just for the Avenues Riyadh mall, based on exit cap rate of 7.0%, rendering the project as profitable for Mabanee.

For Avenues Khobar, Mabanee guided total capex of SAR 5 Bn, and we assume debt funding of 65%. Mabanee signed a contract for excavating and shoring the land with HSSG Foundation Contracting for SAR 67.16 Mn. Similar to Avenues Riyadh, we prefer to model only the mall space of 170k sq.m for now, until construction activity picks up and more visibility is attained. The competitive landscape for the mall is limited in the super regional mall category, with only Dhahran Mall (163k sq.m), Al Rashid Mall (130k sq.m), Nakheel Mall Dammam (61k sq.m).

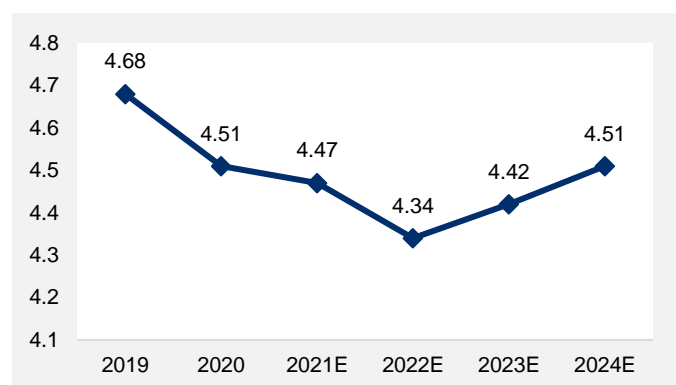
We forecast starting rents of SAR 3,213/sq.m per annum in 2025, which is around 40% higher than existing mall spaces average in Dammam Metropolitan Area (Knight Frank Q3-2021: - SAR 2,290/sq.m), which is justified given the lower number of quality super regional malls in area, higher international tenant mix and entertainment offerings that Mabanee would be able to attract in an underserved market. We model steady state occupancy rates of 92%, to be achieved 12-18 months from launch in 2024, which is fair considering existing mall occupancy rates of 89% in the market. We

forecast Avenues Riyadh and Avenues Khobar mall projects to achieve a combined IRR of ~10.6%, based on full potential revenues of +SAR 2 Bn, average EBITDA margins of 70%-75% and an exit cap rate of 7.0%, which leaves a comfortable spread above our average WACC assumption of 6.4% over our forecast period, providing steady reinvestment returns for Mabanee's shareholders.

J3 Aventura will be Mabanee's most profitable upcoming project in IRR terms

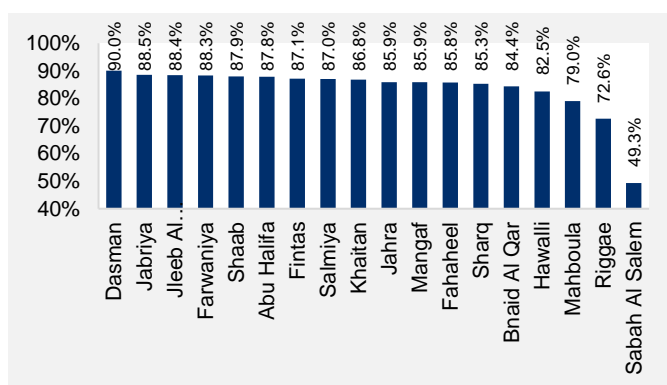
Mabanee signed the Jaber Al Ahmed city J3 project as the lead developer of consortium with 35% equity participation along with partners Privatization Holding Company (32.5%) and National Industries Group (32.5%). The Build-Operate-Lease-Transfer (BOLT) Project consists of 276 residential units and a retail mall of 104k sq.m and an operational period of 25 years.

Kuwait RE Investment sector average lease rates - (KWD/sq.m)



Source: REMI

Kuwait RE Investment sector districts occupancy (%) - 2021



Source: REMI

Mabanee mentioned that they are witnessing early signs of strong pre-leasing demand for the project. We model the retail mall component with average starting rents of KWD 15/sq.m/month in 2025 and steady state occupancy approaching 94% by 2027, EBITDA margins of 75%, which we believe is extremely achievable, given the smaller size of the mall and 25% lower average rents assumed compared to Avenues Phase I-IV Kuwait. For the residential component, we use average rents of KWD 5/sq.m for the 276 units, which is higher than the Kuwait RE Investment sector average that REMI forecasts to be around KWD 4.5/sq.m in 2024. Nevertheless, our average residential rent per sq.m estimates are not aggressive, as the residential units at J3 Aventura include townhouses that command a premium than apartments that dominate the Investment sector. We also assume a steady state occupancy rate of 90%, which is higher than the Jahra district catchment average of almost 86% (Source: REMI), given the project's premium positioning and access to retail amenities.

We forecast project level revenues to reach around KWD 23 Mn at full potential with strong EBITDA margins averaging around 76%. We also expect J3 Aventura project to be Mabanee's most profitable upcoming project in IRR terms at 15.2% IRR, albeit at a lower equity participation rate of 35%.

Bahrain remains promising despite delays to Phase II

We expect Mabanee's Phase II retail mall expansion that adds 41,200 sq.m of GLA, to elevate the total mall (81,200 sq.m) into a scale comparable with other larger super regional malls, such as City Centre (155,000 sq.m) and Seef Mall (72,000 sq.m). The project has been delayed, and Mabanee expects reclamation work to complete in Q1-2022, post which the main contractor will be decided. The company mentioned that its hotel - Hilton Garden Inn Bahrain (192 keys) achieved an occupancy 44.7%, which should improve and drive additional footfalls into the mall as well, going forward. We further foresee scale benefits and locational advantages to translate into better competitive positioning for Avenues Bahrain in the market, and demand from quality tenants going forward.

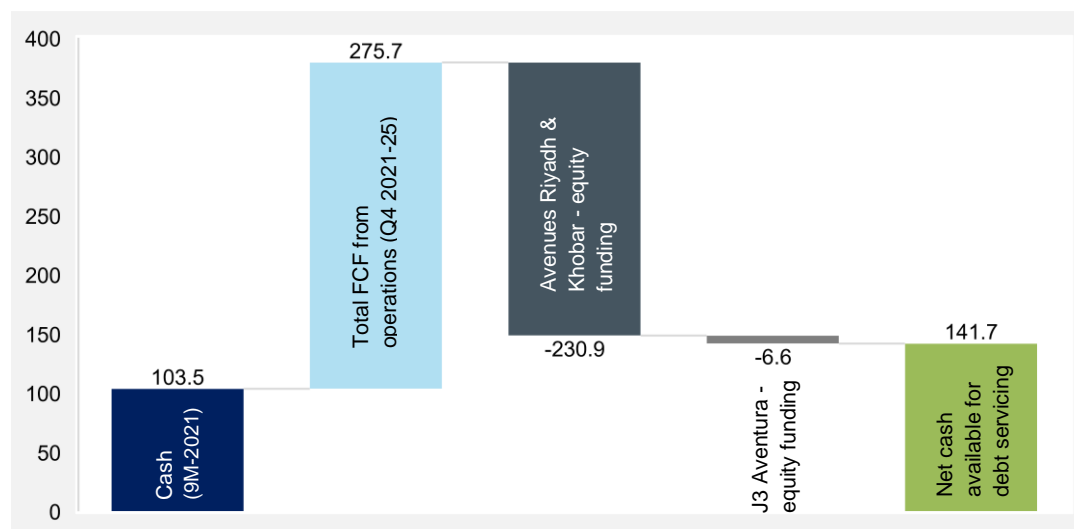
Mabanee moves from retail RE player to diversified regional RE developer

FCFs enable ample room for equity participation across regional projects

Despite competing timelines of all upcoming projects coinciding between 2022-2025, we see no equity funding concerns for Mabanee, and expect equity participation for Avenues Riyadh, Khobar and J3 Aventura to be comfortably managed total FCFs from Q4-2021 to 2025 (KWD 275.7 Mn). Given Mabanee's strong capital allocation track record thus far, we remain sanguine about the company's

debt repayment capabilities post completion of projects as well. Moreover, the comfortable cashflow position allows Mabanee to raise participation rates in its more profitable projects, if the company chooses to do so, according to Kamco Invest Research.

Mabanee 2021E-2025E cash & FCF accruals vs. upcoming projects equity funding needs (KWD Mn)



Sources: Kamco Invest Research

Mabanee's foray into upcoming mixed-use projects also moves the company to becoming a regional real estate player, across all real estate sub-segments (retail, hospitality, residential and commercial office). This allows the company to compete with other large real estate players in the region, and allows optionality on portfolio optimization across segments, in our view. We therefore upgrade Mabanee to Outperform, on the back of the reinvestment of its Avenues Kuwait FCFs, into winning regional projects with double-digit IRRs, and the company's transformation into a full-fledged regional developer across real estate sub-segments.

Mabane Financial Forecasts

Avenues Kuwait fine-tuned for higher mall occupancy & Waldorf Astoria delay

We refine our forecasts and expect group revenues of KWD 101.5 Mn for, KWD 106.2 Mn and KWD 110.2 Mn in 2022E and 2023E (Previous Estimate: KWD 108.5 Mn), respectively on higher occupancy rates driving faster growth in rental revenues. We push out potential revenues from 5-Star Waldorf Astoria to Q2-2022E, due to the delays in the opening (previous: late Q3/early Q4-2021). Group GP margins for Avenues Kuwait retail and hospitality components should average around 76% over 2021E-2023E, but should decline 250-300 bps as hotel revenues ramp up before stabilizing in 2023E.

2021 -2023 Forecasts – Kamco Invest Research									
Mabane	2021E			2022E			2023E		
	New	Old	Δ (%)	New	Old	Δ (%)	New	Old	Δ (%)
Revenues (KWD Mn)	101.5	103.9	-2.3%	106.2	108.2	-1.9%	110.2	110.0	0.2%
GP Margins (%)	77.8%	76.8%	1.0%	75.9%	75.7%	0.2%	74.9%	75.6%	-0.7%
EBIT (KWD Mn)	60.1	64.0	-6.1%	61.5	65.8	-6.6%	63.1	66.7	-5.3%
Net Income (KWD Mn)	53.7	58.1	-7.6%	55.3	60.3	-8.2%	57.0	61.5	-7.3%
EPS (KWD)	0.046	0.053	-13.5%	0.047	0.055	-14.1%	0.049	0.056	-13.1%
Net Debt (KWD Mn)	250.7	254.2	-1.4%	206.8	208.6	-0.9%	160.7	162.5	-1.1%

Source: Kamco Invest Research

Our forecasts for 2021E-23E only include Avenues Kuwait projects and hotels (including 5-Star Waldorf Astoria), along with existing and ongoing projects in Bahrain. We prefer to model and value Mabane's Saudi Arabia projects, J3 Aventura on a standalone basis until construction activity begins. As a result, we forecast group EPS of KWD 0.046 for 2021E, and KWD 0.047 and KWD 0.049 for 2022E and 2023E respectively.

Mabane Financials						
Balance Sheet (KWD Mn)	2018	2019	2020	2021E	2022E	2023E
Assets						
Cash and cash equivalents	18.4	72.6	38.6	139.3	152.1	180.3
Receivables	28.8	19.8	20.2	14.1	14.6	15.2
Total current assets	47.2	92.4	58.8	153.5	166.7	195.4
Net property, plant and equipment	3.4	4.6	119.5	139.8	140.2	140.9
Investment Properties & LT Assets	812.2	868.1	786.6	771.2	772.3	772.4
Total assets	862.8	965.1	964.8	1,064.5	1,079.2	1,108.7
Liabilities						
Total debt	303.3	340.6	334.7	390.1	358.9	340.9
Accounts payable and other liabilities	134.2	151.5	149.3	149.3	151.6	153.7
Total liabilities	437.5	492.0	484.0	539.4	510.4	494.6
Shareholders' Equity						
Share capital	114.9	120.8	127.0	127.0	127.0	127.0
Retained earnings	207.2	234.0	236.8	281.1	324.8	370.1
Other equity	103.1	118.3	117.0	117.0	117.0	117.0
Total Equity	425.2	473.1	480.8	525.1	568.8	614.1
Total Liabilities and Equity	862.8	965.1	964.8	1,064.5	1,079.2	1,108.7
Income Statement (KWD Mn)	2018	2019	2020	2021E	2022E	2023E
Revenue	85.4	96.4	65.5	101.5	106.2	110.2
Cost of goods sold	-17.8	-22.1	-22.2	-22.5	-25.5	-27.7
Gross profit	67.6	74.2	43.4	79.0	80.6	82.5
General and administrative expenses	-1.8	-1.3	-3.1	-2.5	-2.6	-2.6
EBITDA	65.8	72.9	40.2	76.5	78.1	79.9
Depreciation and amortization	-9.3	-10.8	-13.5	-16.4	-16.6	-16.8
EBIT	56.5	62.2	26.7	60.1	61.5	63.1
Finance costs	-2.4	-4.0	-5.1	-5.3	-5.4	-5.6
Share from associates & Other Income/Loss	0.7	1.2	1.3	1.7	2.2	2.5
Net profit before taxes	54.7	59.3	23.0	56.5	58.3	60.0
Provision for Income Taxes & Directors Fee	-2.6	-3.2	-1.4	-2.9	-3.0	-3.0
Net profit after taxes	52.1	56.1	21.6	53.6	55.3	57.0
Minority interest	0.4	0.3	0.2	0.1	0.1	0.1
Net profit attributable to parent	52.5	56.4	21.8	53.7	55.3	57.0
EPS (KWD)	0.045	0.048	0.019	0.046	0.047	0.049
Cash Flow (KWD Mn)	2018	2019	2020	2021E	2022E	2023E
Net cash from operating activities	54.6	89.1	34.2	79.9	75.3	78.1
Net cash (used in) from investing activities	-44.7	-43.5	-38.3	-23.7	-14.5	-15.1
Net cash from (used in) financing activities	-6.1	8.5	-30.0	44.6	-48.0	-34.9
Change in cash and cash equivalents	3.9	54.2	-34.0	100.8	12.7	28.2
Cash at the end of the year	18.4	72.6	38.6	139.3	152.1	180.3

Source : Kamco Invest Research and Mabane

Valuation & Financial Ratios						
Key Ratios	2018	2019	2020	2021E	2022E	2023E
Leverage Ratios						
Total Debt / Total Assets (x)	0.35	0.35	0.35	0.37	0.33	0.31
Total Debt / Equity (x)	0.71	0.72	0.70	0.74	0.63	0.56
Net debt/ Equity (x)	0.67	0.57	0.62	0.48	0.36	0.26
Profitability Ratios						
Return on Average Assets (%)	6.3%	6.2%	2.3%	5.3%	5.2%	5.2%
Return on Average Equity (%)	13.0%	12.6%	4.6%	10.7%	10.1%	9.6%
ROIC (%)	8.6%	9.0%	3.7%	7.3%	7.5%	7.7%
Margins						
Gross profit margin (%)	79.1%	77.0%	66.1%	77.8%	75.9%	74.9%
EBITDA margin (%)	77.0%	75.7%	61.4%	75.4%	73.5%	72.5%
EBIT margin (%)	66.1%	64.5%	40.8%	59.2%	57.9%	57.3%
Net profit margin (%)	61.5%	58.5%	33.2%	52.9%	52.1%	51.7%
Per Share Data and Valuation Ratios						
Earnings Per Share (KWD)	0.045	0.048	0.019	0.046	0.047	0.049
Book Value Per Share (KWD)	0.36	0.40	0.41	0.45	0.49	0.52
Dividend Per Share (KWD)	0.012	0.014	0.006	0.010	0.010	0.010
PE (x)	12.0	17.7	35.4	17.3	16.8	16.3
PB (x)	1.5	2.1	1.6	1.8	1.6	1.5
Dividend Yield (%)	2.2%	1.6%	0.9%	1.3%	1.3%	1.3%

Source : Kamco Invest Research and Mabanee, per share values are based on latest approved number of shares outstanding

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